

October 18, 2021

VIA ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket 5073 - Retail Energy Supply Association Petition for Implementation of Purchase of Receivables - Terms and Conditions for Municipal Aggregators and Nonregulated Power Producers
Response to PUC Data Requests – Set 1

Dear Ms. Massaro:

Enclosed is National Grid's¹ responses to the Rhode Island Public Utilities Commission's First Set of Data Requests in the above-referenced docket issued on September 27, 2021.²

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-4263.

Very truly yours,



Andrew S. Marcaccio

Enclosure

cc: Docket 5073 Service List
John Harrington, Esq.
Christy Hetherington, Esq.
John Bell, Division

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or Company).

² Per communication from Commission counsel on October 4, 2021, the Company is submitting an electronic version of this filing followed by six (6) hard copies filed with the Clerk within 24 hours of the electronic filing.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

October 18, 2021

Date

Docket No. 5073 – Retail Energy Supply Association Petition for Implementation of Purchase of Receivables Program Service List updated 10/4/2021

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The Narragansett Electric Company
d/b/a National Grid
In Re: Petition of Retail Energy Supply Association of
Purchase of Receivables Program
Terms and Conditions for Municipal Aggregators and
Non-Regulated Power Producers
Responses to the Commission's First Set of Data Requests
Issued on September 27, 2021

PUC 1-1

Request:

Referencing Exhibit 1A, page 2 of 76 – The term “generation service” is defined. Please confirm that energy supplier is still the Obligated Entity for purposes of RES and the obligation is not being transferred to National Grid.

Response:

Yes; the energy supplier is still the Obligated Entity for purposes of RES, and the obligation is not being transferred to National Grid.

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PUC 1-2

Request:

Referencing Exhibit 1A, page 14 of 76 – There is a reference to a “negotiated, uniform set of rules...” Where are these located? Will the Commission approve them for incorporation into the tariff or does the Company propose a set of rules outside of the tariff?

Response:

The Company is not putting forward that there exists a negotiated, uniform set of rules. Rather, the Company made this statement to leave this as an option should there be a need for this in the future.

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PUC 1-3

Request:

Referencing Exhibit 1A, page 16 of 76, the first paragraph of section b – Will there be separate tracking and reporting for budget billing customers? If so, please explain. If not, why not?

Response:

There will not be separate tracking and reporting for budget billing customers. The referenced language was intended to make it clear that non-regulated power producers will be paid based on amounts billed based on actual usage in a month as opposed to the amounts due from a customer in accordance with a budget plan. Please see the response to PUC 1-4.

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PUC 1-4

Request:

Referencing Exhibit 1A, page 16 of 76, the second paragraph of section b – How will budget billing be factored in? What percentage payment used? The premise behind this question is that customers can enroll in budget billing at any time and, by definition, are in arrears some points of the years and not in others.

Response:

The Company will use the same Standard Complete Billing Percentage for a given customer class regardless of whether a customer is on budget billing or not. The payment to an NPP would not change based on the fact that a customer has chosen to participate in a budget billing plan. The payment to the NPP will always be based on the customer's actual amount billed based on their usage during any given month.

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PUC 1-5

Request:

Please show the calculation for POR and for LI reconciliation assuming a 3% nonpayment rate (energy supply = 10 cents; LI pay 7.5 cents)

Response:

The low-income discount for a customer on Rate A-60 does not impact the amount paid to a non-regulated power producer ("NPP") under the POR program. If a customer is on Rate A-60 and the energy supply rate charged by the NPP is 10 cents and the Standard Complete Billing percentage is 3%, then the NPP will receive a payment equal to 97% of the energy charge before any low-income discount is calculated. The POR calculation in this scenario is:

10 cents energy supply rate x (1-0.03) = 9.7 cents payment to NPP

The Rate A-60 customer will receive a discount of either 25% or 30% on the total bill, including the energy supply charge. In this example, the customer will be charged the full 10 cents for energy supply and receive a discount on this charge, in effect paying 7.5 cents for energy supply. The total amount of the discount, including the amount associated with the 2.5 cent discount on energy supply, will be recovered from all non-low-income customers through the Low Income Discount Recovery Factor, as is currently the case. Implementation of the POR program will not impact this practice.

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PUC 1-6

Request:

Referencing Exhibit 1A, pages 17-18 of 76 – How will the effects of COVID-19 be factored into the initial uncollectible factor?

Response:

As indicated on pages 17-18 of Exhibit 1A, the Company proposed using the most recent 12-month period for which data is available prior to the first filing. The timing of the first filing is still to be determined and will depend in part on the time needed for the review of that filing. The implementation date of the Purchase of Receivables program is January 23, 2022. At the time of this response data is available through September 2021. Acknowledging the fact net charge offs have been lower than they otherwise would have been absent the COVID-19 pandemic and the resulting uncollectible percentages may not be indicative of the uncollectible experience that the Company may experience as the Company's procedures return to their stated practice pursuant to its policies and regulatory rules and requirements, the Company acknowledges that using alternative periods may be appropriate to determine the initial forward looking Uncollectible Percentages ("UP") that is more representative of what net charge offs are likely to be for the upcoming period. Alternatives would be using a period prior to the impacts of the pandemic such as the 12 months prior to March 2020 or calculating the UP based on a longer period such as a three or a four-year period. The Company has included as Attachment PUC 1-6 a net charge off analysis based on billing system information from the past five years ending September 2021 and calculated uncollectible percentages by customer class, as defined in Exhibit 1A, to illustrate the varying resulting UPs when calculated over differing periods. Ultimately, the UP used for the initial period will be reconciled to the actual UP for that period and any difference between the two will be recovered from or credited to non-regulated power producers through the past period reconciliation percentage.

		Residential (A-16, A-60)					
Month	Year	Net Charge Offs	Billings	Rolling 12 Month Uncollectible Percentage	Rolling 24 Month Uncollectible Percentage	Rolling 36 Month Uncollectible Percentage	Rolling 48 Month Uncollectible Percentage
		(a)	(b)	(c)	(d)	(e)	(f)
January	2017	\$540,852	\$46,740,043				
February	2017	\$412,246	\$43,934,729				
March	2017	\$243,958	\$40,870,032				
April	2017	\$220,728	\$39,214,130				
May	2017	\$339,755	\$32,471,014				
June	2017	\$685,148	\$36,708,658				
July	2017	\$802,036	\$49,949,966				
August	2017	\$1,493,541	\$51,516,482				
September	2017	\$1,479,902	\$44,258,891				
October	2017	\$721,877	\$38,910,976				
November	2017	\$604,391	\$43,309,431				
December	2017	\$595,173	\$45,691,337	1.58%			
January	2018	\$756,270	\$59,643,858	1.59%			
February	2018	\$245,211	\$49,656,097	1.54%			
March	2018	\$591,548	\$44,021,542	1.59%			
April	2018	\$152,330	\$42,011,267	1.57%			
May	2018	\$280,559	\$39,542,381	1.54%			
June	2018	\$611,530	\$39,267,390	1.52%			
July	2018	\$818,217	\$57,522,077	1.50%			
August	2018	\$1,390,847	\$63,776,932	1.45%			
September	2018	\$1,155,653	\$63,813,355	1.35%			
October	2018	\$855,229	\$44,710,982	1.36%			
November	2018	\$654,940	\$45,803,546	1.36%			
December	2018	\$627,030	\$52,972,278	1.35%	1.46%		
January	2019	\$934,166	\$59,098,568	1.38%	1.48%		
February	2019	\$612,753	\$56,059,213	1.43%	1.48%		
March	2019	\$294,253	\$51,599,916	1.36%	1.47%		
April	2019	\$461,080	\$42,052,773	1.41%	1.49%		
May	2019	\$419,478	\$40,326,929	1.43%	1.48%		
June	2019	\$730,180	\$41,349,768	1.45%	1.48%		
July	2019	\$763,380	\$56,422,370	1.44%	1.47%		
August	2019	\$1,840,812	\$70,647,398	1.50%	1.48%		
September	2019	\$1,418,664	\$54,735,708	1.56%	1.46%		
October	2019	\$678,819	\$41,806,494	1.54%	1.45%		
November	2019	\$803,516	\$41,828,813	1.57%	1.47%		
December	2019	\$655,028	\$51,046,142	1.58%	1.47%	1.50%	
January	2020	\$795,338	\$61,037,790	1.56%	1.47%	1.50%	
February	2020	\$803,676	\$48,625,958	1.61%	1.52%	1.52%	
March	2020	\$209,295	\$47,736,948	1.60%	1.48%	1.52%	
April	2020	\$420,203	\$46,766,604	1.58%	1.50%	1.52%	
May	2020	\$129,186	\$43,933,066	1.53%	1.48%	1.50%	
June	2020	\$962,057	\$45,393,938	1.55%	1.50%	1.51%	
July	2020	\$517,423	\$67,181,742	1.49%	1.46%	1.48%	
August	2020	\$260,809	\$82,066,732	1.21%	1.35%	1.38%	
September	2020	\$372,199	\$58,135,834	1.04%	1.30%	1.31%	
October	2020	\$200,755	\$47,479,992	0.96%	1.24%	1.28%	
November	2020	\$407,184	\$48,732,719	0.88%	1.22%	1.26%	
December	2020	\$558,784	\$54,839,464	0.86%	1.21%	1.26%	1.33%
January	2021	\$669,916	\$64,608,264	0.84%	1.19%	1.25%	1.32%
February	2021	\$558,822	\$60,589,749	0.79%	1.18%	1.26%	1.32%
March	2021	\$209,626	\$54,748,907	0.78%	1.17%	1.23%	1.31%
April	2021	\$374,193	\$46,856,967	0.77%	1.16%	1.24%	1.31%
May	2021	\$577,983	\$40,018,361	0.85%	1.17%	1.25%	1.32%
June	2021	\$806,439	\$51,092,256	0.82%	1.17%	1.26%	1.32%
July	2021	\$685,425	\$61,222,698	0.85%	1.16%	1.25%	1.31%
August	2021	\$801,381	\$68,765,596	0.95%	1.08%	1.21%	1.27%
September	2021	\$954,843	\$65,483,669	1.02%	1.03%	1.20%	1.24%

- (a) Per Company Billing System Charge off and Recovery Reports
- (b) Per Company Billing System
- (c) Column (a) ÷ Column (b)
- (d) Column (a) ÷ Column (b)
- (e) Column (a) ÷ Column (b)
- (f) Column (a) ÷ Column (b)

Commercial (C-06, G-02, Streetlighting)							
Month	Year	Net Charge Offs	Billings	Rolling 12 Month Uncollectible Percentage	Rolling 24 Month Uncollectible Percentage	Rolling 36 Month Uncollectible Percentage	Rolling 48 Month Uncollectible Percentage
		(a)	(b)	(c)	(d)	(e)	(f)
January	2017	\$81,522	\$21,370,039				
February	2017	\$136,952	\$21,560,459				
March	2017	\$171,276	\$20,713,780				
April	2017	\$216,802	\$19,103,743				
May	2017	\$136,079	\$15,552,777				
June	2017	\$78,069	\$19,507,139				
July	2017	\$170,386	\$22,449,513				
August	2017	\$108,376	\$22,768,151				
September	2017	\$84,991	\$21,572,660				
October	2017	\$103,349	\$20,091,135				
November	2017	\$123,344	\$20,472,843				
December	2017	\$51,319	\$20,345,120	0.60%			
January	2018	\$112,144	\$25,765,398	0.60%			
February	2018	\$123,073	\$23,604,823	0.59%			
March	2018	\$77,303	\$21,691,726	0.55%			
April	2018	\$63,916	\$20,488,401	0.48%			
May	2018	\$59,603	\$19,655,541	0.45%			
June	2018	\$128,635	\$20,222,929	0.47%			
July	2018	\$119,318	\$23,642,888	0.44%			
August	2018	\$382,243	\$24,712,663	0.54%			
September	2018	\$229,220	\$25,666,322	0.59%			
October	2018	\$35,726	\$22,426,539	0.56%			
November	2018	\$34,708	\$21,610,493	0.53%			
December	2018	\$148,995	\$23,527,231	0.55%	0.57%		
January	2019	\$173,293	\$25,973,141	0.58%	0.59%		
February	2019	\$90,769	\$26,365,818	0.56%	0.57%		
March	2019	\$116,873	\$24,905,211	0.57%	0.56%		
April	2019	\$75,021	\$20,800,360	0.57%	0.53%		
May	2019	\$158,438	\$20,244,265	0.60%	0.53%		
June	2019	\$168,112	\$19,939,622	0.62%	0.55%		
July	2019	\$234,583	\$21,730,990	0.66%	0.56%		
August	2019	\$242,119	\$24,640,881	0.61%	0.58%		
September	2019	\$156,470	\$21,343,682	0.60%	0.59%		
October	2019	\$138,241	\$18,592,092	0.64%	0.60%		
November	2019	\$69,211	\$18,703,313	0.66%	0.59%		
December	2019	\$103,791	\$20,577,280	0.65%	0.60%	0.60%	
January	2020	\$221,264	\$25,988,360	0.67%	0.62%	0.62%	
February	2020	\$239,041	\$22,376,274	0.74%	0.65%	0.63%	
March	2020	\$155,467	\$20,181,444	0.77%	0.66%	0.63%	
April	2020	\$166,307	\$18,384,149	0.81%	0.69%	0.62%	
May	2020	\$76,534	\$16,008,709	0.79%	0.69%	0.61%	
June	2020	\$198,306	\$16,187,231	0.82%	0.71%	0.63%	
July	2020	\$53,531	\$20,129,206	0.75%	0.70%	0.62%	
August	2020	\$140,177	\$24,285,226	0.71%	0.66%	0.62%	
September	2020	\$61,965	\$20,519,397	0.67%	0.63%	0.62%	
October	2020	\$26,226	\$19,843,122	0.62%	0.63%	0.61%	
November	2020	\$38,319	\$17,590,214	0.61%	0.64%	0.60%	
December	2020	\$89,661	\$20,996,287	0.60%	0.63%	0.60%	0.60%
January	2021	\$172,014	\$22,572,131	0.59%	0.63%	0.61%	0.61%
February	2021	\$181,471	\$22,995,680	0.57%	0.66%	0.62%	0.61%
March	2021	\$111,131	\$21,437,809	0.55%	0.66%	0.63%	0.61%
April	2021	\$163,536	\$17,067,093	0.55%	0.68%	0.64%	0.60%
May	2021	\$73,890	\$15,186,535	0.55%	0.67%	0.65%	0.60%
June	2021	\$75,687	\$18,607,168	0.49%	0.66%	0.64%	0.60%
July	2021	\$94,243	\$20,124,902	0.51%	0.63%	0.64%	0.59%
August	2021	\$71,556	\$21,074,714	0.49%	0.60%	0.60%	0.59%
September	2021	\$167,198	\$21,031,539	0.53%	0.60%	0.60%	0.60%

- (a) Per Company Billing System Charge off and Recovery Reports
- (b) Per Company Billing System
- (c) Column (a) ÷ Column (b)
- (d) Column (a) ÷ Column (b)
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- (f) Column (a) ÷ Column (b)

Month	Year	Industrial (B-32, G-32, X-01)					
		Net Charge Offs	Billings	Rolling 12 Month Uncollectible Percentage	Rolling 24 Month Uncollectible Percentage	Rolling 36 Month Uncollectible Percentage	Rolling 48 Month Uncollectible Percentage
		(a)	(b)	(c)	(d)	(e)	(f)
January	2017	\$9,804	\$13,066,920				
February	2017	(\$504,952)	\$13,102,768				
March	2017	\$515,834	\$13,078,016				
April	2017	(\$151,344)	\$13,305,291				
May	2017	\$7,050	\$12,994,390				
June	2017	(\$508)	\$14,208,570				
July	2017	\$9,616	\$15,528,553				
August	2017	\$20,867	\$16,297,090				
September	2017	(\$27,951)	\$15,238,832				
October	2017	\$7,084	\$15,585,685				
November	2017	\$5,803	\$14,092,811				
December	2017	\$0	\$13,532,352	-0.06%			
January	2018	\$0	\$15,882,541	-0.07%			
February	2018	\$0	\$13,884,640	0.22%			
March	2018	(\$150,000)	\$14,165,915	-0.16%			
April	2018	(\$194,625)	\$13,854,666	-0.18%			
May	2018	(\$29,600)	\$13,300,774	-0.20%			
June	2018	\$0	\$13,960,314	-0.20%			
July	2018	\$3,446	\$14,913,183	-0.21%			
August	2018	\$24,887	\$16,022,582	-0.21%			
September	2018	\$0	\$17,171,741	-0.19%			
October	2018	\$12,808	\$15,863,156	-0.19%			
November	2018	\$116,861	\$14,834,294	-0.12%			
December	2018	\$6,487	\$16,573,450	-0.12%	-0.09%		
January	2019	\$10,758	\$16,469,859	-0.11%	-0.09%		
February	2019	\$22,760	\$16,275,344	-0.10%	0.06%		
March	2019	\$11,815	\$16,134,125	-0.01%	-0.08%		
April	2019	\$61,939	\$17,599,597	0.13%	-0.02%		
May	2019	(\$11,815)	\$13,799,040	0.14%	-0.03%		
June	2019	(\$49,681)	\$14,554,138	0.11%	-0.04%		
July	2019	\$0	\$16,278,338	0.11%	-0.04%		
August	2019	(\$1,215)	\$17,092,639	0.09%	-0.05%		
September	2019	\$32,420	\$15,369,750	0.11%	-0.03%		
October	2019	\$157,633	\$14,206,111	0.19%	0.01%		
November	2019	(\$77,609)	\$14,418,786	0.09%	-0.01%		
December	2019	(\$6,742)	\$14,452,170	0.08%	-0.02%	-0.03%	
January	2020	\$0	\$9,067,612	0.08%	-0.02%	-0.03%	
February	2020	\$19,072	\$15,617,657	0.08%	-0.01%	0.06%	
March	2020	\$95,316	\$15,174,419	0.12%	0.06%	-0.01%	
April	2020	\$0	\$16,409,501	0.09%	0.11%	0.01%	
May	2020	\$59,684	\$15,302,964	0.13%	0.13%	0.02%	
June	2020	\$14,276	\$15,932,641	0.16%	0.14%	0.03%	
July	2020	\$16,884	\$16,391,859	0.17%	0.14%	0.03%	
August	2020	\$0	\$17,760,034	0.17%	0.13%	0.02%	
September	2020	\$0	\$16,444,800	0.15%	0.13%	0.03%	
October	2020	(\$2,366)	\$15,759,047	0.06%	0.13%	0.03%	
November	2020	(\$9,888)	\$14,749,139	0.10%	0.09%	0.02%	
December	2020	\$0	\$16,389,919	0.10%	0.09%	0.02%	0.00%
January	2021	(\$192)	\$16,203,904	0.10%	0.09%	0.02%	0.00%
February	2021	(\$6,835)	\$16,028,552	0.09%	0.08%	0.02%	0.07%
March	2021	\$0	\$16,451,388	0.04%	0.08%	0.05%	0.00%
April	2021	\$0	\$15,498,496	0.04%	0.06%	0.08%	0.02%
May	2021	\$197,963	\$14,437,100	0.11%	0.12%	0.12%	0.05%
June	2021	\$22,544	\$16,398,197	0.11%	0.14%	0.13%	0.05%
July	2021	(\$27,346)	\$18,026,414	0.09%	0.13%	0.12%	0.04%
August	2021	\$56,339	\$17,246,754	0.12%	0.14%	0.13%	0.05%
September	2021	\$44,070	\$16,897,728	0.14%	0.15%	0.14%	0.06%

- (a) Per Company Billing System Charge off and Recovery Reports
- (b) Per Company Billing System
- (c) Column (a) ÷ Column (b)
- (d) Column (a) ÷ Column (b)
- (e) Column (a) ÷ Column (b)
- (f) Column (a) ÷ Column (b)

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PUC 1-7

Request:

Referencing Exhibit 1A page 18 of 76 – Is the expectation that “Administrative Costs” will always a 3-year amortization unless another period is approved by the Commission or is it intended to apply only to initial costs?

Response:

The 3-year amortization of Administrative Costs is intended to apply only to initial implementation costs. The referenced language on page 18 of 76 could be clarified by including numbering as follows:

Administrative Costs shall include **(1)** the amortization of costs over three years or other term approved by the R.I.P.U.C., including carrying costs calculated at the Bank of America Prime Interest Rate, directly related to the development and implementation of changes to billing, information and accounting systems directly related to the implementation of the billing procedures necessary to incorporate the POR program into Standard Complete Billing Service as instituted in accordance R.I. Gen. Laws § 39-1-27.3 and **(2)** ongoing administrative costs directly associated with providing such Standard Complete Billing Service, to the extent approved by the R.I.P.U.C. Ongoing administrative costs shall include the cost of working capital associated with the POR program.

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PUC 1-8

Request:

Referencing Exhibit 1A, page 18 of 76, states “ongoing administrative costs shall include the cost of working capital associated with the POR program.” Please provide the calculation.

Response:

Please see Attachment PUC 1-8 for an illustrative calculation of the working capital costs associated with the Purchase of Receivables program which would be included in the administrative costs to be recovered through the Administrative Cost Percentage component of the Standard Complete Billing Percentage.

Illustrative Calculation of Purchase of Receivables Working Capital Impact

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
(1) Illustrative Payable to Non-Regulated Power Producer ("NPP")													
(2) Residential	\$10,000	\$10,500	\$11,000	\$11,500	\$12,000	\$12,500	\$13,000	\$13,500	\$14,000	\$14,500	\$15,000	\$15,500	\$153,000
(3) Commercial	\$5,000	\$5,500	\$6,000	\$6,500	\$7,000	\$7,500	\$8,000	\$8,500	\$9,000	\$9,500	\$10,000	\$10,500	\$93,000
(4) Industrial	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	\$5,500	\$6,000	\$6,500	\$45,000
(4) Total	\$16,000	\$17,500	\$19,000	\$20,500	\$22,000	\$23,500	\$25,000	\$26,500	\$28,000	\$29,500	\$31,000	\$32,500	\$291,000
Illustrative NPP Payment Terms - Days of Cost													
(5) Residential	45	45	45	45	45	45	45	45	45	45	45	45	45
(6) Commercial	50	50	50	50	50	50	50	50	50	50	50	50	50
(7) Industrial	40	40	40	40	40	40	40	40	40	40	40	40	40
(8) Weighted Average Days of Cost	46.3	46.1	46.1	46.0	45.9	45.9	45.8	45.8	45.7	45.7	45.6	45.6	45.6
(9) Days of Cost Annual %	12.67%	12.64%	12.62%	12.60%	12.58%	12.56%	12.55%	12.54%	12.52%	12.51%	12.51%	12.50%	12.50%
Illustrative Customer Payment Revenue Lag Days from Cash Working Capital ("CWC") Study													
(10) Revenue Lag %	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
(11) CWC % = Revenue Lag % - Days of Cost Annual %	17.81%	17.81%	17.81%	17.81%	17.81%	17.81%	17.81%	17.81%	17.81%	17.81%	17.81%	17.81%	17.81%
(12) Working Capital Requirement	5.14%	5.17%	5.19%	5.21%	5.23%	5.25%	5.26%	5.27%	5.29%	5.30%	5.30%	5.31%	5.31%
(13) Interest Rate	\$822	\$905	\$986	\$1,068	\$1,151	\$1,234	\$1,315	\$1,397	\$1,481	\$1,564	\$1,643	\$1,726	\$15,291
(14) Working Capital Impact	8.23%	8.23%	8.23%	8.23%	8.23%	8.23%	8.23%	8.23%	8.23%	8.23%	8.23%	8.23%	8.23%
(15) Total Illustrative Receivable	\$68	\$74	\$81	\$88	\$95	\$102	\$108	\$115	\$122	\$129	\$135	\$142	\$1,258
(16) Illustrative Incremental CWC Discount recovered as component of Administrative Cost Percentage	\$16,320	\$17,850	\$19,380	\$20,910	\$22,440	\$23,970	\$25,500	\$27,030	\$28,560	\$30,090	\$31,620	\$33,150	\$296,820
(17)													0.42%

- (1) Illustrative Amount of Payable to NPP associated with purchase of Residential Receivables
- (2) Illustrative Amount of Payable to NPP associated with purchase of Commercial Receivables
- (3) Illustrative Amount of Payable to NPP associated with purchase of Industrial Receivables
- (4) Line (1) + Line (2) + Line (3)
- (5) Illustrative Payable Terms to NPP associated with purchase of Residential Receivables
- (6) Illustrative Payable Terms to NPP associated with purchase of Commercial Receivables
- (7) Illustrative Payable Terms to NPP associated with purchase of Industrial Receivables
- (8) [(Line (1) x Line (5)) + (Line (2) x Line (6)) + (Line (3) x Line (7))] ÷ Line (4)
- (9) Line (8) - 365 days
- (10) Illustrative Customer Payment Revenue Lag Days from CWC Study
- (11) Line (10) ÷ 365 days
- (12) Line (11) - Line (9)
- (13) Line (4) x Line (12)
- (14) Weighted Average Cost of Capital as approved in R.I.P.U.C. Docket No. 4770 effective September 1, 2018
- (15) Line (13) x Line (14)
- (16) Illustrative Receivable to be purchased
- (17) Line (15) ÷ Line (16)

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PUC 1-9

Request:

Referencing the billing services agreement (beginning at Exhibit 1A page 27 of 76), which entity will be responsible for the payment of the gross earnings tax?

Response:

Per the existing Narragansett Electric Company Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 2223, as well as the proposed Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 2249, Exhibit 1B, the NPP will be responsible for the payment of gross earnings tax. Please see the below statement from pg. 11 of the above referenced proposed Terms and Conditions – GROSS EARNINGS TAX:

“The Supplier is the taxpayer with respect to the gross earnings tax (“GET”) imposed by Title 44, Chapter 13 of the General Laws of Rhode Island on its sales of electricity delivered to customers.”